

The One Hundred and Twenty-Seventh Annual Report of The Board of Directors
of The Canada Life Assurance Company, March 7th, 1974
Head Office, Toronto, Canada

AR53



Desk of the first President, Hugh C. Baker

BOARD OF DIRECTORS

E. H. CRAWFORD
President

A. H. LEMMON
Chairman of the Board

J. G. HUNGERFORD, Q.C.
Chairman of the Executive Committee of the Board

E. C. GILL
Vice-Chairman of the Board

JOHN L. MCCARTHY
Vice-President

W. J. ADAMS
Formerly Senior Vice-President

DAVID W. BARR
President
Moore Corporation, Limited

E. JACQUES COURTOIS, Q.C.
Laing, Weldon, Courtois,
Clarkson, Parsons, Gonthier & Tétrault
Montreal

NATHANAEL V. DAVIS
Chairman of the Board
and Chief Executive Officer
Alcan Aluminium Limited
Montreal

GÉRARD FILION, C.C.
President
Marine Industries Limited
Montreal

J. ROY GORDON
Member of the Advisory Committee
The International Nickel Company
of Canada, Limited
New York

J. D. LEITCH
President
Upper Lakes Shipping Ltd.

BEVERLEY MATTHEWS, C.B.E., Q.C.
Partner
McCarthy & McCarthy

The Right Honourable
LORD MCFADZEAN
Honorary President
British Insulated Callender's Cables Limited
London, England

NEIL J. MCKINNON
Director
Canadian Imperial Bank of Commerce

ELLMORE C. PATTERSON
Chairman of the Board
and Chief Executive Officer
J. P. Morgan & Co., Incorporated
New York

C. E. RITCHIE
President and Chief Executive Officer
The Bank of Nova Scotia

MANAGEMENT OFFICERS

D. D. DENNIS, O.B.E.
Vice-President and General Manager, U.K. and Ireland

D. I. FRASER, F.L.M.I.
Vice-President, Administration, and Joint Secretary

J. C. MAYNARD, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

J. M. MUNRO
Vice-President and Director of Agencies

R. D. RADFORD, F.L.M.I.
Vice-President and Treasurer

J. B. WALKER, F.S.A., F.C.I.A.
Vice-President and Director, United States Division

W. B. WAUGH, F.S.A., F.C.I.A.
Vice-President and Controller

HONORARY DIRECTORS

A. C. ASHFORTH

J. GORDON BEATTY, M.C.

R. A. LAIDLAW

GRAHAM F. TOWERS, C.C., C.M.G.
Formerly Chairman of the Board

S. M. WEDD

THE REPORT

Your Directors have pleasure in submitting the 127th annual report including the financial statements for the year ended December 31, 1973. The accompanying financial statements and exhibits consolidate the operating results and financial position of the Company's two wholly owned subsidiaries, The Canada Life Assurance Company of Great Britain Limited and Canada Life Insurance Company of New York.

New business placed by our marketing organizations during the year totalled \$1,266,447,000 consisting of \$1,089,514,000 of life insurance and \$176,933,000 of annuities.

Business in force totals \$13,893,751,000 excluding re-insurance ceded to other companies. This amount includes \$11,757,280,000 of life insurance and \$2,136,471,000 of annuities.

Total revenue for the year from all sources was \$315,596,000 including \$39,723,000 in amounts received and income earned for segregated annuity funds and after deducting \$24,974,000 premium reductions (policy dividends) allotted.

Payments to policyholders and beneficiaries totalled \$136,123,000.

The assets have been carefully valued and after making ample appropriations, their total is \$1,623,880,000.

Liabilities arising from insurance and annuity contracts amount to \$1,505,232,000 including \$34,636,000 premium reductions (policy dividends) for policyholders in future years.

Surplus and reserve funds total \$95,934,000 of which \$27,000,000 is a general contingency reserve and \$68,934,000 is surplus held as an additional protection for policyholders and beneficiaries.

Mr. J. G. Hungerford, Q.C., resigned as Chairman of the Board in September, having served in that capacity since 1969. He was elected Chairman of the Executive Committee of the Board and in this position his experience and wise counsel will continue to benefit the Company.

Mr. A. H. Lemmon, who retired as President in September, was elected Chairman of the Board.

Mr. Graham F. Towers, C.C., C.M.G., retired as a Director at the last Annual Meeting. He was appointed an Honorary Director in recognition of his distinguished service as a Director since 1955 and as Chairman of the Board for over eight years.

Mr. C. E. Ritchie was elected a Director at the last Annual Meeting and Mr. W. J. Adams was elected a Director in May.

The Directors express their warm thanks to all members of the organization who have contributed to the excellent results of the year.

On behalf of the Board,

A. H. Lemmon
Chairman of the Board

E. H. Crawford
President

Toronto, March 7, 1974.

CONSOLIDATED REVENUE STATEMENT FOR 1973

WE RECEIVED

	1973	1972
Gross premiums for insurances and guaranteed annuities	\$207,748,000	\$180,603,000
Less premium reductions (policy dividends) allotted	24,974,000	23,737,000
Net premiums	182,774,000	156,866,000
Amounts received for segregated annuity funds including group transfers	29,865,000	30,729,000
Interest, dividends and rents, after deducting \$7,255,000 in 1973 and \$6,016,000 in 1972 for expenses related to investments	100,213,000	90,435,000
Profits on sale of assets and recovery of amounts previously written off	2,744,000	2,829,000
Increase in market value of assets held for variable contracts, including \$14,250,000 for segregated annuity funds	—	15,830,000
	\$315,596,000	\$296,689,000

WE PAID OR SET ASIDE FOR FUTURE PAYMENT

	1973	1972
To policyholders and beneficiaries:		
Death benefits	\$ 49,056,000	\$ 44,079,000
Disability benefits	11,930,000	10,529,000
Matured endowments	10,777,000	10,105,000
Annuities	22,221,000	20,375,000
Cash surrender options	42,139,000	52,789,000
	136,123,000	137,877,000
Interest on amounts left on deposit	2,831,000	3,309,000
The increase in the amount required for future payments guaranteed under insurance and annuity contracts	79,680,000	62,795,000
Expenses of administration, sales and service (excluding investment expenses)	45,483,000	40,956,000
Income, premium and sundry taxes	6,605,000	6,437,000
Amount written off assets	2,596,000	2,958,000
Decrease in market value of assets held for variable contracts including \$12,696,000 for segregated annuity funds	19,461,000	—
Increase in segregated annuity funds . . .	19,601,000	38,979,000
Addition to general contingency reserve .	1,000,000	1,000,000
Addition to surplus held as an additional protection for policyholders and beneficiaries	2,216,000	2,378,000
Balance at Dec. 31, 1973	\$68,934,000	
Balance at Dec. 31, 1972	\$66,718,000	
	\$315,596,000	\$296,689,000

(see accompanying notes)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

AT DECEMBER 31, 1973

ASSETS		LIABILITIES AND SURPLUS	
	<u>1973</u>	<u>1972</u>	
Bonds:			
Government	\$ 162,366,000	\$ 178,166,000	Actuarial liability, being the amount re-
Corporate	373,280,000	325,776,000	quired, in addition to future premiums
	<u>535,646,000</u>	<u>503,942,000</u>	and interest, to provide for future pay-
			ments guaranteed under insurance and
			annuity contracts
			\$1,225,589,000 \$1,145,909,000
Mortgage loans	568,190,000	517,196,000	Funds held for segregated annuities . . .
			183,560,000 163,959,000
Stocks:			Benefits in course of payment and provi-
Preferred	24,372,000	25,318,000	sion for unreported claims
Common	208,383,000	191,277,000	24,696,000 21,178,000
	<u>232,755,000</u>	<u>216,595,000</u>	Amounts left on deposit
			36,751,000 36,635,000
Properties held for investment	67,404,000	56,092,000	Provision for future premium reductions
Loans on policies	144,554,000	133,264,000	(policy dividends)
Office premises	27,871,000	25,620,000	34,636,000 32,501,000
Cash and interest bearing deposits	13,471,000	30,360,000	Miscellaneous liabilities (including unallo-
Premiums in course of collection	9,870,000	8,688,000	cated amounts and provision for out-
Interest and rents due and accrued	19,061,000	17,295,000	standing taxes and expenses)
Other assets	5,058,000	4,974,000	22,714,000 21,126,000
	<u>\$1,623,880,000</u>	<u>\$1,514,026,000</u>	General contingency reserve
			27,000,000 26,000,000
			Surplus held as an additional protection for
			policyholders and beneficiaries
			68,934,000 66,718,000
			\$1,623,880,000 \$1,514,026,000

(see accompanying notes)

SCHEDULE OF SECURITIES HELD AT MARKET VALUES FOR VARIABLE CONTRACTS

AT DECEMBER 31, 1973

(included in consolidated statement of assets and liabilities)

	1973	1972
Bonds:		
Government	\$ 5,804,000	\$ 5,869,000
Corporate	58,475,000	52,620,000
	<u>64,279,000</u>	<u>58,489,000</u>
Mortgage loans	<u>40,649,000</u>	<u>32,255,000</u>
Stocks:		
Preferred	1,685,000	2,178,000
Common	94,522,000	88,218,000
	<u>96,207,000</u>	<u>90,396,000</u>
	<u>\$201,135,000</u>	<u>\$181,140,000</u>

ACTUARY'S REPORT

To the Policyholders and Directors of
The Canada Life Assurance Company:

I have certified that the amount of the actuarial liability is in excess of the reserves required by the Canadian and British Insurance Companies Act and that, in my opinion, the amount together with the provision for other liabilities shown in the consolidated statement of assets and liabilities at December 31, 1973, make good and sufficient provision for all unmatured obligations of the Companies guaranteed under the terms of their policies.

Toronto, Canada
February 13, 1974.

J. C. MAYNARD, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

AUDITORS' REPORT

To the Policyholders and Directors of
The Canada Life Assurance Company:

We have examined the consolidated statement of assets and liabilities of The Canada Life Assurance Company and its subsidiaries as at December 31, 1973 and the consolidated revenue statement for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the actuarial liability was determined and certified by the Company's Vice-President and Chief Actuary.

In our opinion, based on our examination and the certificate of the Vice-President and Chief Actuary, these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1973 and the results of their operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Toronto, Canada
February 13, 1974.

CLARKSON, GORDON & CO.
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1973

1. These financial statements consolidate the operating results and financial position of the Company's two wholly owned subsidiaries, The Canada Life Assurance Company of Great Britain Limited and Canada Life Insurance Company of New York.
2. The values at which the bonds and stocks are shown are amortized cost or less, except for assets held for variable contracts which are valued at market. (See separate schedule.) The valuations of these securities prescribed by the insurance law of Canada, in total, are greater than the book values converted at corresponding rates of exchange. Properties held for investment and office premises are shown at cost less appropriate accumulated depreciation.
3. Throughout these statements, United States currency is included at the rate of \$1.00 Canadian to the U.S. dollar. Sterling is included at \$2.60 Canadian to the pound. If current rates of exchange had been used in the statement of assets and liabilities, there would have been no material change in the surplus shown.
4. At December 31, 1973 assets included in the accompanying consolidated statement of assets and liabilities held in trust by The Canada Life Assurance Company (exclusive of its subsidiaries) for the protection of its United States policyholders totalled more than \$229,000,000 which exceeded net liabilities to its United States policyholders at that date. In addition the net worth of Canada Life Insurance Company of New York available for the protection of its policyholders at December 31, 1973 is \$3,428,000.

1

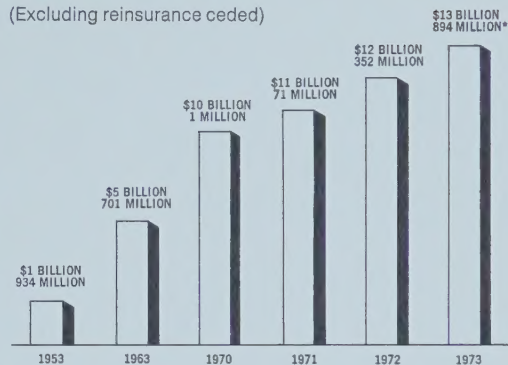
NEW BUSINESS PLACED BY MARKETING ORGANIZATIONS

	Annualized New Premiums (000)	
	1973	1972
Individual		
Insurances	\$10,551	\$ 9,740
Annuities—Annual Premiums ..	2,211	2,183
—Single Premiums ..	19,416	11,641
Health Insurance	289	207
Equity Funds	9,662	6,231
Total Individual	<u>\$42,129</u>	<u>\$30,002</u>
Group		
Insurance and Annuities	\$ 4,820	\$ 4,341
Health Insurance	2,837	1,822
Equity Funds	4,119	12,753
Total Group	<u>\$11,776</u>	<u>\$18,916</u>
Total Individual and Group	<u>\$53,905</u>	<u>\$48,918</u>

2

LIFE INSURANCE AND ANNUITIES IN FORCE

(Excluding reinsurance ceded)



*Life Insurance — \$11 billion, 757 million
Annuities — \$ 2 billion, 137 million

3

PAYMENTS UNDER POLICY CONTRACTS

	in millions	
	1973	1972
Death and Disability Benefits ..	\$ 61.0	\$ 54.6
Endowments	10.8	10.1
Annuities	22.2	20.4
Cash Surrender Options	42.1	52.8
Total	<u>\$136.1</u>	<u>\$137.9</u>

4

DIVERSIFICATION OF INVESTED ASSETS

	%
Government Bonds	10.3
Corporate Bonds	23.5
Preferred and Common Stocks ...	14.6
Mortgage Loans	35.7
Properties Held for Investment ...	4.2
Policy Loans	9.1
Miscellaneous	2.6
(Office Premises, Cash, etc.)	
Total	<u>100.0</u>

